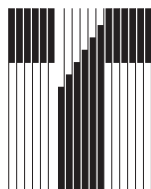


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code : 277)

PROFIT WARNING

This announcement is made by Tern Properties Company Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the year ended 31 March 2009 as compared to a profit for the year ended 31 March 2008. Such loss was mainly attributable to the revaluation deficit due to the change in fair value of the Group’s investment properties as a result of the current adverse economic conditions. The Group’s principal business of holding investment properties for rental income and the Group’s cash flow have not been affected by the revaluation deficit.

The information contained in this announcement is only based on the preliminary assessment by the Board. The Company is preparing the accounts for the year ended 31 March 2009 and expects to announce its audited consolidated financial results for the year then ended in June 2009. **Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

By Order of the Board
Lee Yip Wah, Peter
Secretary

Hong Kong, 29 May 2009

As at the date of this announcement, the Board of Directors of the Company comprises six Directors, of which three are Executive Directors, namely Mr. Chan Hoi Sow, Mr. Chan Yan Tin, Andrew and Mr. Chan Siu Keung, Leonard and three are Independent Non-Executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald.